

Annual Report

April 1999 to March 2000

DOC
BC
R138
B
1999/00

LEGISLATIVE LIBRARY

RapidTransit

BC R138 B 1999/00 C3

beginning





3 3298 00231 4335

100-06610/

Table of Contents

The Year at a Glance	2
Message from Lecia Stewart, President and Project Director	4
Project Overview	6
Construction	12
Stations	14
Financials	17
Looking Forward – Progress since March 31	28

The Year at a Glance

January 1999 to March 2000

Construction

- Awarded \$643 million in major contracts, including \$209 million for guideway construction to the SAR Transit joint venture, \$249 million for electrical and mechanical systems to Bombardier and \$24 million for the New Westminster cut-and-cover tunnel to the Walter/BFC joint venture.
- Began building the Millennium Line including special guideway structures at Lougheed Town Centre and Front Street in New Westminster.
- Proceeded with building guideway columns and column foundations in New Westminster, Coquitlam and Burnaby, and began raising segmented guideway beams in New Westminster and Burnaby.
- Progressed with excavating, forming and pouring concrete for a cut-and-cover tunnel in New Westminster from Columbia Station to Front Street.
- Confirmed the Lougheed Town Centre Station location and completed station designs and public consultation for 11 of the new line's 12 stations (consultation and design for the VCC Station will be completed in 2000).
- Awarded a \$7.9 million construction contract for the Sapperton Station.

Project Management

- Received project approval under the Canadian Environmental Assessment Act and developed a comprehensive environmental management program.
- Concluded an access agreement with the City of New Westminster and advanced completion of

similar agreements with the City of Burnaby and the City of Vancouver.

- Implemented the recommendations of an independent review of project management tools and structures.
- Implemented independent quarterly project reviews and quarterly financial audits.
- Appointed two new board members experienced in construction and project management.
- Carried out customer preference studies to help direct system design for attributes such as safety and comfort.

Future Projects

- Carried out preliminary engineering studies for an extension west of Vancouver Community College to a terminus between Cambie Street and Arbutus Street.
- Completed technical assessments of route alignment and station location choices for a portion of the future SkyTrain line that will connect Lougheed Town Centre Station to Coquitlam via Port Moody.
- Completed design and engineering for trackwork associated with pre-building the Port Moody-Coquitlam Line at Lougheed Town Centre Station and expanding SkyTrain's existing operations and maintenance centre to accommodate future lines.

Message from Lecia Stewart, President, RTP 2000

Progress on the SkyTrain expansion project has moved ahead at an amazing pace. Over the past year, we have moved from the planning and design phase to the beginning of the construction phase. With necessary environmental approvals in place under the Canadian Environmental Assessment Act, this past year has brought our vision for an enhanced transit system for

Greater
Vancouver
closer to
reality.

Connecting
New
Westminster
to Vancouver
Community

College via Lougheed Town Centre, the Millennium Line will serve more communities and provide a better, faster and more efficient commuting alternative to the car. Studies show that ridership on this line will be about 30 million customers per year by 2006. To accommodate that number of people in cars, we would need an additional 20 lanes of highway.

Building that highway would encroach on our greenspace and reduce the quality of life for Lower Mainland residents.

We are taking a progressive approach to designing and building the Millennium Line. We are focused on delivering a system that not only meets the needs and expectations of current users, but also one that will attract more riders in the future. We asked thousands of residents how we can make SkyTrain more attractive and how we can entice them out of their cars. With the knowledge gained, the new system is designed to appeal to our customers and meet their needs and expectations.

The new SkyTrain cars will also be different. Compared to the existing fleet, the new cars will be wider, longer and temperature controlled, making the interior more spacious and comfortable. This past year marked the groundbreaking for Bombardier's new Centre for Advanced Transit Systems. As part of the program to expand SkyTrain, Bombardier agreed to establish

a facility for the research, development and manufacturing of SkyTrain cars and technology. The centre, located in Burnaby, will enhance the economic benefit of SkyTrain for British Columbia and will also serve future markets for SkyTrain around the world.

Perhaps the most significant feature of the new Millennium Line will be its stations. We are making each station individual and unique. We challenged our architects to use a "dare to be different" approach to design each station. Over the past year, these architects have been working with each community along the Millennium Line to design stations that reflect that area's characteristics. Stations will be friendlier, safer places and will be part of the communities they serve.

People have also told us that they are concerned about safety and security at stations. One of the ways we are responding to that concern is through innovative station design. As such, each station will be designed almost

entirely of glass, providing clear and visible sightlines both into and out of the stations. In the coming year, we will continue our extensive review of controlled access measures to further increase security at stations.

We have made remarkable progress over the past year. The Millennium Line is becoming a reality in the Lower Mainland. In the coming year, we will be moving the Millennium Line closer to completion. Sapperton Station will be close to completion and most of the other stations will be under construction. The guideway construction will continue through New Westminster and Burnaby, moving into Vancouver this summer. We will also continue to plan for future SkyTrain lines to serve even more communities and future riders.

Lecia Stewart
President and Project Director
Rapid Transit Project 2000 Ltd.

Project Overview

Reporting Structure

Board of Directors

Reporting directly to the Minister



Responsible for Transit, RTP 2000 is led by a six-person board of directors. In 1999/2000, the board consisted of:

- Bob Lingwood, former president/CEO of B.C. Transit, chief executive officer and president of B.C. Ferries
- George Chen, chair of B.C. Transit
- Blair Redlin, president of B.C. Transportation Financing Authority (BCTFA) and chair of the board of Highway Constructors Ltd.
- Graeme Bowbrick, MLA for New Westminster and TransLink board member
- Lecia Stewart, president and project director of Rapid Transit Project 2000 Ltd.

In early March 2000, Graeme Bowbrick resigned from the board after being appointed Minister Responsible for Transit. Two new members were appointed to the

RTP 2000 board:

- Winston Stothert, chair of The Stothert Group of Companies, a Vancouver-based firm that specializes in

managing the design, construction, start-up and financial control of major international construction projects

- Joan Harrison, principal in The Osborne Group, which provides human resources strategy and programs to new and growing companies

The project office reports monthly to the board regarding financial matters, system engineering and design, communications, public consultation and environmental matters.

Executive Team

RTP 2000 is led by a team of executives with extensive experience in the planning, design, construction and operation of transit and transportation projects in Canada and overseas. Most members of the executive team also have experience working on

the design and construction of Vancouver's existing SkyTrain line as well as the West Coast Express:

- Lecia Stewart, president and project director
- Arthur Griffiths, chair of public consultation and chief negotiator
- Teresa Watts, director of systems design
- John Eastman, project manager
- Colin Smith, chief financial officer

Management has also implemented integrated scheduling, contract management and financial management systems to assist in the overall project management.

The policy and integrated systems were reviewed independently by PricewaterhouseCoopers in mid-May 1999. The review confirmed that the arrangements for planning and control of the project are appropriate and effective, and that overall the project was well prepared to

Governance

Since incorporation, RTP 2000 has ensured that appropriate management policies and procedures are in place.

Policies cover such areas as:

- Project organization
- Document control
- Cost control
- Variance analysis
- Cost and schedule integration
- Procurement
- Contract administration
- Risk management

proceed with construction. It made 31 recommendations, all of which were implemented.

In late 1999, RTP 2000 retained Gannett Fleming, a firm that specializes in transportation planning, to conduct quarterly project reviews. The reviews build upon the May 1999 business systems and project controls review and provide an independent assessment of whether those controls are working now that construction is underway.

The first quarterly report was presented to the board on March 31, 2000 and found:

- Project controls and management systems are well considered and provide the board and senior management with useful indications of project status
- RTP 2000 is aware of potential project risks, has made appropriate impact assessments and is working to



The Rapid Transit Project senior management team includes (left to right):

Ian Wardley, (project co-ordinator)
 Teresa Watts, (director, systems design)
 Bob McKeachie, (director, marketing)
 Elaine Kozak, (corporate secretary)
 Dave Walker, (director, project services and control)
 Gayle Bukowsky, (director, communications)

Colin Smith, (chief financial officer)
 Arthur Griffiths, (chair, public consultation and chief negotiator)
 John Eastman, (project manager)
 Lecia Stewart, (president and project director)
 Alan Hart, (manager, architecture, planning and urban design)
 Gary Youngman, (director, negotiations and government relationships)

mitigate the effects of late environmental approvals and access to rail lands

- Management will need to maintain ongoing and proactive attention to project progress and status on a contract-by-contract basis to curtail and minimize overall cost and schedule risks
- The project's budget limits the ability for the project's scope to be expanded

Overall, Gannett Fleming's review indicated that the project is well-managed and on budget.

As part of the project's program of financial management, RTP 2000 retained KPMG to perform quarterly financial engagement reviews. The quarterly project and financial reviews, as well as unaudited monthly financial statements, are posted on RTP 2000's website (www.rapidtransit.bc.ca).

In keeping with the Crown Corporations Secretariat's Performance/Business Plan

guidelines, RTP 2000's current and ongoing work program is set out in the regularly updated Project Management Plan and Project Requirements Definition.

Collectively, these documents are equivalent to the project's business plan and include a mission statement, vision, principles of operation, goals and performance targets, strategies and performance measures. The newly developed RTP 2000 Performance Plan complements these documents and provides a broad overview of the project. The Performance Plan is posted on RTP 2000's website.

Environmental Management

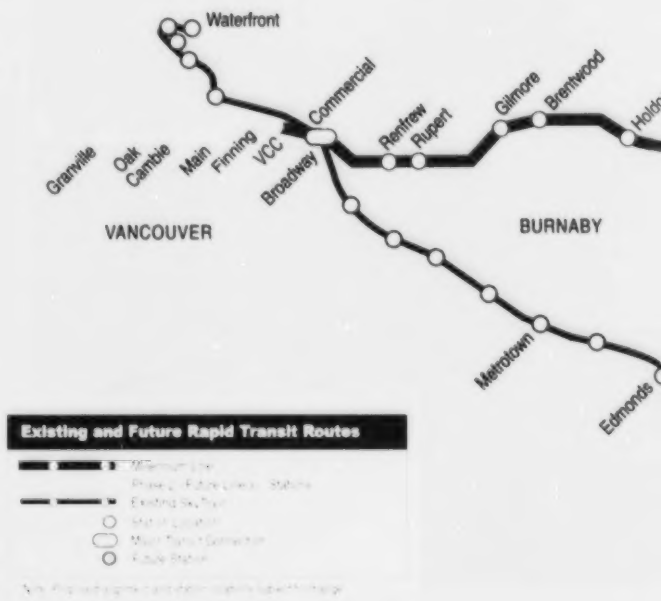
Over the past year, RTP 2000 has continued to support its objective of avoiding adverse environmental effects during construction and minimizing and mitigating impacts where they cannot be avoided.

To that end, RTP 2000 representatives have worked closely with government agencies, municipal staff and the public to ensure environmental resources are protected during planning and

design activities in areas such as Sapperton Reach, Brunette River, Stoney Creek, Beecher Creek and the Grandview Cut. In addition, the main contractors on the project have provided environmental protection plans and retained environmental monitoring personnel to ensure that there will be no significant environmental impacts during construction.

In March 1999, RTP 2000 submitted its Environmental Assessment Report to the federal Department of Fisheries and Oceans (DFO), and received environmental approval under the Canadian Environmental Assessment Act in September 1999. DFO, as lead agency and responsible authority for the review, determined that the project would have no significant environmental impacts if mitigation measures were applied as prescribed by RTP 2000's assessment report.

DFO granted approval under section 35 (2) of the Fisheries Act in November 1999 for work at Sapperton Reach, Brunette River, Stoney Creek and Beecher Creek. This approval constituted an agreement between DFO and RTP 2000 for habitat compensation works at these areas, and adherence to the terms and conditions of the Fisheries Act during construction. RTP 2000 and its contractors provide regular environmental monitoring reports to the DFO.



Route Alignment

In February 1999, the Millennium Line's route and station locations were finalized following a comprehensive planning and consultation process. The route is 20.5 kilometres long and travels from Columbia Station in New Westminster via the Lougheed-Broadway corridor to Vancouver Community College's King Edward campus. Connections to the

In total, the Millennium Line includes 12 new stations and two future stations: Lake City and Woodlands. Lake City is expected to be in service by 2004. At this time, future plans for Woodlands Station have not been finalized.

Two additional extensions to the Millennium Line are also proposed. One extension is the Port Moody-Coquitlam Line, which will extend from Lougheed Station via North Road and Port Moody to Coquitlam Town Centre. The second extension would see the Millennium Line extended from Vancouver Community College west to Granville Street.

These two extensions are included on the route map shown here.



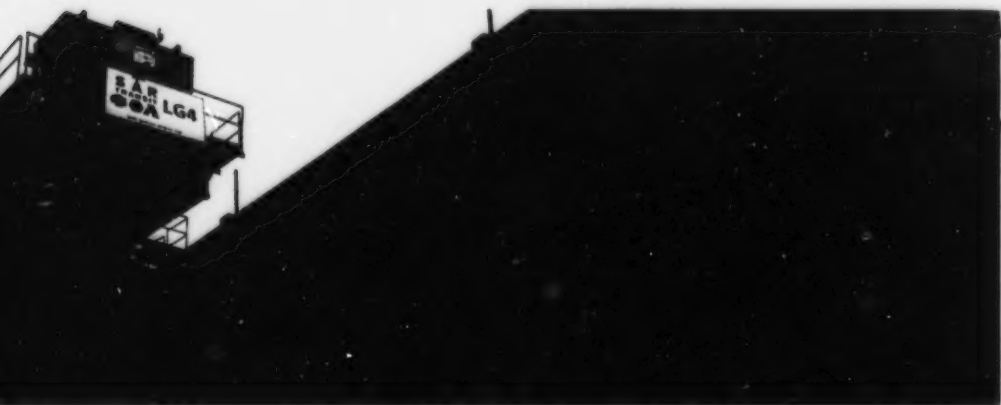
existing SkyTrain line will be made at Columbia Station in New Westminster and at Broadway Station in Vancouver.

Construction

On Sept. 14, 1999, following completion of an environmental

Tunnel

The tunnel construction contract was awarded in May 1999 to the Walter/BFC joint venture. The joint



review under the Canadian Environmental Assessment Act, RTP 2000 received approval from the federal Department of Fisheries and Oceans. This was the last approval required before construction could begin.

On Oct. 14, 1999, a ceremony on the site of the line's cut-and-cover tunnel in New Westminster marked the start of construction.

The major construction-related components on the line include the guideway, stations and New Westminster tunnel. The Bombardier Centre for Advanced Transit Systems is also under construction. The following section provides an overview of the progress made this year.

venture brings together two companies with extensive experience building major structures including the Toronto subway system, Greater Vancouver's Oak Street Bridge and Vancouver's Waterfront Centre.

The total length of the tunnel construction project is about 800 metres, including a 600-metre cut-and-cover tunnel and a 200-metre at-grade guideway section that meets the existing Columbia Station. Construction of the tunnel began in mid-September 1999, with completion targeted for December 2000.

The total value of the contract is \$24 million.

Guideway

The guideway construction contract was awarded in May 1999

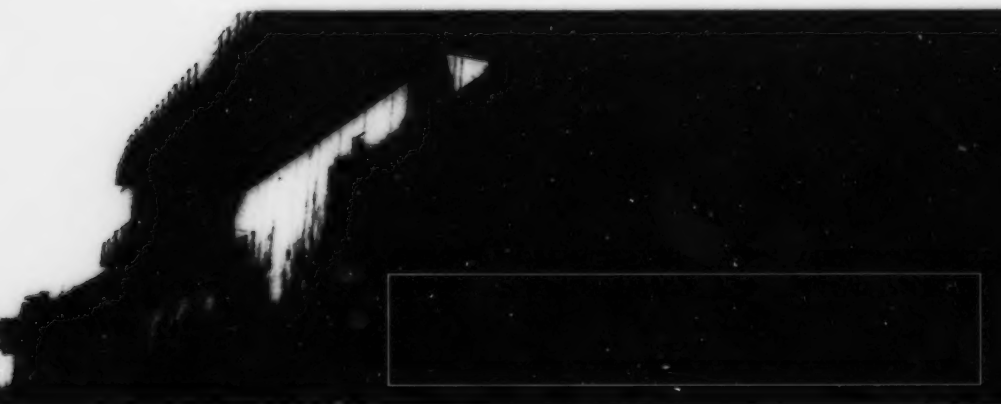
to SAR Transit, a joint venture of three leading construction companies: SC Infrastructure Inc., Agra Monenco Inc. and Rizzani de Eccher. The joint venture has built a plant in Port Moody to manufacture the concrete segments that will be used to build the elevated guideway.

The 20.5-kilometre guideway includes elevated sections, special structures spanning streams and highways, and a short at-grade section. SAR Transit is building approximately 16 kilometres of the

The total value of the contract is \$209 million.

Bombardier's Centre for Advanced Transit Systems

Bombardier's Centre for Advanced Transit Systems (CATS) in Burnaby will be home for SkyTrain manufacturing, production, research, technology development, operations and maintenance. In addition, Bombardier will use the centre to market the region's SkyTrain system in rapidly growing cities in Asia.



guideway; the remainder of the guideway construction contract is expected to be awarded in the summer of 2000.

Major construction of the guideway began in mid-September 1999. As of March 30, about 115 guideway columns had been poured, more than 160 guideway column foundations had been poured and about 12 guideway beams had been raised.

Construction of the centre began in late spring 1999. As of March 30, 2000, the facility had accepted its first four MK II SkyTrain cars for assembly. Of the 60 cars ordered for the Millennium Line, 50 will be assembled at the Burnaby facility, while the remaining 10 will be manufactured at Bombardier's Kingston, Ontario plant.

The plant is expected to be officially opened in May 2000.

Seven of B.C.'s top architectural firms were commissioned to design the new stations.

Sapperton Station

Hancock Bruckner
Eng + Wright
Architects

Production Way/Holdom/ Sperling Stations

Holton Bakker
Architects

Other Construction Projects

A variety of smaller construction projects are an important part of putting together the infrastructure for the Millennium Line:

- The Front Street special structure will span Front Street and the CN and CP Rail tracks in New Westminster and join the cut-and-cover tunnel to the elevated guideway. Peter Kiewit Sons is building the special structure. The contract is valued at \$5.2 million.
- The Lougheed Station guideway contract that will extend the guideway from North Road to Austin Road along Lougheed Highway was also awarded to Peter Kiewit Sons. The contract is valued at \$15.46 million.
- The \$7.9 million construction contract for Sapperton Station was awarded in March 2000 to Dominion Construction. Construction will begin in mid-June and will last one year.

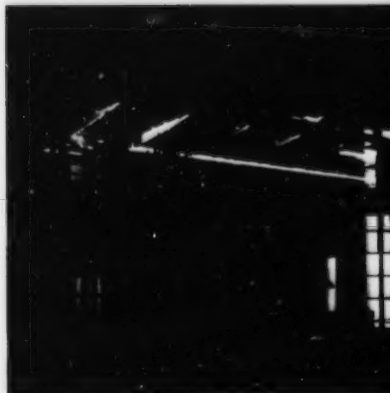
Stations

The stations are a striking aspect of the new Millennium Line. Created to reflect the communities they serve, all of the stations are uniquely designed by prominent B.C. architects. The stations are futuristic, attractive, inviting and incorporate special features for physically challenged customers. In addition, each station has provisions to house at least one retail outlet such as a newsstand, coffee/snack bar or specialty store.

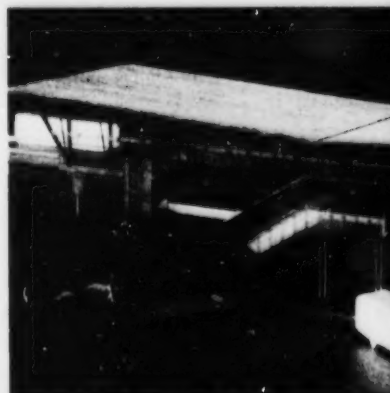
Perhaps the most significant advance for the stations on the Millennium Line is the safety and security features they incorporate. The extensive use of glass will create brighter, friendlier stations – stations with clear sightlines. Provisions for a visible station manager's office are intended to provide a greater presence in each station. Finally, RTP 2000 is examining options to reduce fare evasion and ensure that only paying customers can access station platforms.

In January 1999, RTP 2000 held an "ideas forum," allowing station architects and the public to explore ideas about what the Millennium Line's stations could look like. This initiative was intended to stimulate creative thinking that could then be applied to station design forums in neighbourhoods along the route. A total of 30 station design forums and workshops held between Feb. 23, 1999 and Nov. 30, 1999 attracted more than 3,000 people.

By March 31, 2000, all station designs had been finalized except for the Vancouver Community College (VCC) Station. Final siting of this station will be determined in April 2000. Design forums and workshops will begin in May 2000.



Renfrew Station, Vancouver



Sperling Station, Burnaby



Sapperton Station, New Westminster

Lougheed Town Centre Station

Paul Merrick
Architects

Rupert/ Renfrew/ Commercial Stations

Baker McGarva Hart
Architecture

Gilmore/ Brentwood Stations

Busby + Associates

Braid/Lake City Stations

Walter Francis
Architects
and Architectura
Planning
Architecture
Interiors Inc.

Future Lines

The Millennium Line marks the start of an expanded SkyTrain system; more extensions and new lines are being planned, and RTP 2000 has been busy with several planning initiatives:

Future Line Feasibility Studies

- RTP 2000 fulfilled its mandate to conduct feasibility studies for two projects:
 - a future extension of the Millennium Line from Vancouver Community College to a terminus between Cambie Street and Arbutus Street
 - the Port Moody-Coquitlam Line from Lougheed Town Centre to Coquitlam

SkyTrain West of Commercial Drive in Vancouver

In late spring 1999, the City of Vancouver initiated its own review of potential technologies, including SkyTrain, applicable west of Commercial Drive.

The Port Moody-Coquitlam Line

RTP 2000 staff worked co-operatively with TransLink and municipal staff to develop a public consultation program that included

a series of open houses about the project and proposed route alignments. The cost-sharing agreement between the provincial government and TransLink calls for TransLink to pay its share by 2005 or when the line enters revenue service, whichever is later.

RTP 2000 completed a technical analysis of several alignment choices for the Port Moody-Coquitlam line. The reports were made public following input from Burnaby, Coquitlam and Port Moody municipal staff, and formed the basis for continued public consultation with affected neighbourhoods and other stakeholders.

In December 1999, Treasury Board authorized \$29 million of the Province's portion of the proposed \$730 million budget for the Port Moody-Coquitlam Line to pre-build a connection at the Lougheed Town Centre Station. The pre-build will avoid the extensive disruptions to the Millennium Line that would otherwise result from the subsequent construction of the Port Moody-Coquitlam line.

Financials

Management Discussion

In May 1998, the provincial government approved a budget of \$1.1665 billion for the planning, design and construction of a new SkyTrain line (the Millennium Line) from New Westminster to Vancouver Community College (VCC). Subsequently, five other related projects were approved:

- Lougheed Mall to Coquitlam Definition Phase (\$3.8 million)
- VCC to Arbutus Definition Phase (\$4.2 million)
- Negotiations (\$1.7 million)
- Coquitlam pre-build (\$29.3 million)
- System upgrades (\$94 million)

Conditional approval, subject to execution of the cost-sharing agreement between the Province and the Greater Vancouver Transportation Authority (GVTA), has been given for the additional expenditure of \$35 million in jointly funded Millennium Line scope enhancements under the Municipal Integration Fund.

In addition, the Province is funding RTP 2000's acquisition of 20 MK II vehicles for GVTA for use on the existing SkyTrain line. Total costs of approximately \$62 million (including interest) will be recovered in full from TransLink on acceptance of delivery.

Millennium Line

The Millennium Line budget includes:

- \$834.0 million for direct costs including the costs of the guideway, stations, operating systems, vehicles and land
- \$117.1 million for design, management, public consultation and communications
- \$215.4 million for financing, taxes and project contingency

As of March 31, 2000, project expenditures totalled \$513.3 million. A further \$250.1 million was recorded as commitments, of which \$188.2 million was committed contractually.

Other Projects

To March 31, 2000, expenditures on the other projects totalled \$48.1 million of the \$133 million approved. A further \$23.2 million

- Implementing 31 recommendations arising from an external review of the preliminary program and project management controls



was recorded as commitments, of which \$19.6 million was contractually committed.

Total Projects

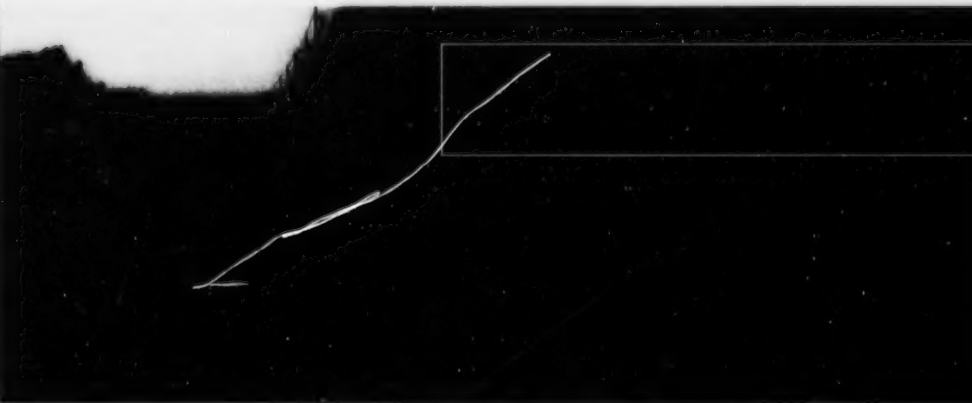
For fiscal 1999/2000, authorized expenditures totaled \$512.2 million. Actual expenditures were \$426 million. The short fall of \$85.9 million is largely attributable to a continuing lag effect from the delay in the construction start date as a result of late environmental approvals and conclusion of access agreements. Unexpended funding is being carried forward to future years.

Project Management

During the year, management undertook a series of initiatives to enhance its integrated scheduling, contract management and financial systems including:

- Earned value reporting, which measures project cost and schedule performance
- Developing cost reports to enable management and administration at both contract and work breakdown structure (WBS) levels
- Distributing cost reports electronically through RTP 2000's local network (intranet)
- Initiating quarterly financial reviews by external auditor
- Initiating quarterly project progress and risk identification reviews by external consultants specializing in management of large transportation capital projects
- Posting monthly and quarterly financial and progress reports on the RTP 2000 website

The project was the subject of several external inquiries and reviews, most notable of which was the government's Capital Management Process Review undertaken by Deloitte Consulting. Deloitte's report cited RTP 2000 as a model reporting structure in both qualitative and quantitative measures. Deloitte also highlighted RTP 2000's implementation of earned value management reporting and



its regular communication with key stakeholders on the project's progress.

RTP 2000 addressed the impact of the Year 2000 issue and, following a detailed review, concluded that there were no Year 2000 issues that would affect the project's ability to fulfill its mandate.

Financial Statements and Notes

RAPID TRANSIT PROJECT 2000 LTD.

Financial Statements

Year ended March 31, 2000

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Rapid Transit Project 2000 Ltd. as at March 31, 2000 and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

As required by British Columbia's Company Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Accountants

Vancouver, Canada

May 12, 2000

RAPID TRANSIT PROJECT 2000 LTD.

Balance Sheet

March 31, 2000

Assets

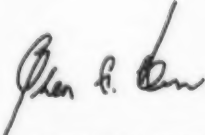
	March 31, 2000	March 31, 1999
Cash	\$1,248,177	\$40,386
Accounts receivable	622,736	-
Receivable from Greater Vancouver Transportation Authority	1,999,421	-
Prepaid expenses	61,846	-
GST receivable (note 2)	13,365,342	4,664,044
Capital assets (note 3)	537,167,051	125,294,073
Deferred start-up costs (note 4)	22,245,460	10,603,425
Deposits on vehicles to be transferred to Greater Vancouver Transportation Authority (note 5)	59,317,156	56,486,172
	\$636,027,189	\$197,088,100

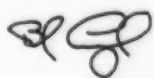
Liabilities and Share Capital

Accounts payable and accrued liabilities	\$38,671,572	\$6,886,193
Payable to related parties (note 6)	124,306	209,047
Lien holdbacks	1,890,212	-
Fiscal agency loan (note 7)	101,193,788	56,470,403
Deferred capital contributions (note 8)	473,123,119	131,326,802
Accrued interest on deferred capital contributions	21,024,191	2,195,654
Share capital (note 9)	1	1
Commitments and contingencies (note 10)		
Subsequent event (note 11)		
	\$636,027,189	\$197,088,100

See accompanying notes to financial statements.

On behalf of the Board:


George Chen, Director


Bob Lingwood, Director

RAPID TRANSIT PROJECT 2000 LTD.

Statement of Cash Flows

	Year ended March 31, 2000	Period ended March 31, 1999
Cash provided by (used in):		
Financing:		
Increase in accounts receivable	\$(622,736)	-
Increase in receivable from Greater Vancouver Transportation Authority	(1,999,421)	-
Increase in prepaid expenses	(61,846)	-
Increase in GST receivable	(8,701,298)	(4,664,044)
Increase in accounts payable and accrued liabilities	31,785,379	6,886,193
Increase (decrease) in payable to related parties	(84,741)	209,047
Increase in lien holdbacks	1,890,212	-
Increase in fiscal agency loan	44,723,385	56,470,403
Increase in deferred capital contributions	341,796,317	131,326,802
Increase in accrued interest on deferred capital contributions	18,828,537	2,195,654
Issue of share capital	-	1
	<u>\$427,553,788</u>	<u>\$192,424,056</u>
Investments:		
Purchase of capital assets	(412,364,254)	(125,539,711)
Increase in deposits on vehicles to be transferred to Greater Vancouver Transportation Authority	(2,830,984)	(56,486,172)
Increase in deferred start-up costs	(11,150,759)	(10,357,787)
	<u>\$(426,345,997)</u>	<u>\$(192,383,670)</u>
Increase in cash	1,207,791	40,386
Cash, beginning of year	40,386	-
Cash, end of year	<u>\$1,248,177</u>	<u>\$40,386</u>

See accompanying notes to financial statements.

Notes to Financial Statements

Rapid Transit Project 2000 Ltd. was incorporated under the laws of British Columbia.

Based on the Protocol Agreement with the Province, represented by the Minister of Finance and Corporate Relations and the Minister Responsible for Transit, Rapid Transit Project 2000 Ltd. was incorporated for carrying out the study, design, construction and development of a Rail Transit System (the "SkyTrain extension") approved by the Province. In this capacity, the Company acts as an agent for the Province and conducts its activities in a manner consistent with general financial and management policies approved by the Treasury Board and the Province's Policy Framework for Crown Entrepreneurial Activities. Banking, borrowing and investing activities are done in accordance with applicable agreements between the Company and Provincial Treasury. The Company also acts as an agent for and on behalf of B.C. Transit, and holds the SkyTrain Extension Project and all property acquired by it in respect thereof in its own name on behalf of B.C. Transit pending completion of the Rapid Transit Project.

1. Significant accounting policies:**(a) Basis of presentation:**

All costs associated with the construction of the SkyTrain extension are being capitalized to either capital assets or deferred start-up costs. No statement of operations is provided as the SkyTrain extension is currently in the construction phase and it will be operated by a separate entity.

(b) Capital assets:

Capital assets are stated at cost and will be amortized over their useful economic lives upon commencement of revenue service. Amortization is provided on computer software currently in use on the straight-line basis using the following rates:

Asset	Rate
Computer software	33%

Amortization of computer software is included in deferred start-up costs.

(c) Deferred start-up costs:

All start-up costs are deferred and stated at cost. No amortization has been recognized as the SkyTrain extension is still under construction and revenue service by the separate operating entity has not commenced.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of GST receivable and provision for accrued liabilities. Actual results could differ from those estimates.

(e) Prior year comparatives:

During the year the Company reclassified certain prior period comparatives to conform with current year presentation.

2. GST receivable:

The GST receivable represents 57 per cent of the GST incurred on expenditures made by the Company to date. The remaining 43 per cent of the GST incurred has been included in capital assets and deferred start-up costs. The Company is currently developing a claim for 100 per cent of the GST incurred. Upon resolution of the claim, any differences in GST receivable will be charged to (recovered from) costs recorded to date.

3. Capital assets:

			Year ended March 31, 2000	Period ended March 31, 1999
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$23,009,985	—	\$23,009,985	\$908,977
Computer software	736,913	(491,276)	245,637	491,275
Construction-in-progress (schedule)	513,911,429	—	513,911,429	123,893,821
	\$537,658,327	\$(491,276)	\$537,167,051	\$125,294,073

Included within capital assets is \$17.7 million of land which was expropriated under the Expropriation Act and has been registered in the name of B.C. Transit. Previous owners of expropriated land have up to one year to challenge the assessment value. Any difference between the amounts paid and subsequently reassessed will be recorded in the period of reassessment. The balance of the land, \$5.3 million, is registered in the Company's name.

Construction in progress includes \$42.3 million of deferred costs for systems upgrades to the current SkyTrain system and the Operations and Maintenance Centre to accommodate the new MK II vehicles. The Company will receive reimbursement from Greater Vancouver Transportation Authority for these costs up to \$94 million as the work is completed.

Included within construction-in-progress are management estimates of liabilities which may result from negotiations with contractors relating to contract changes.

4. **Deferred start-up costs:**

Costs incurred to date	Year ended March 31, 2000	Period ended March 31, 1999
Insurance	\$686,622	\$579,044
Amortization	491,276	245,638
Communications	2,974,543	1,740,421
Business development	2,466,078	1,396,793
Finance and administration	8,047,951	4,000,336
Definition phases	3,745,778	1,045,357
Taxes	359,006	84,913
Other	3,013,640	1,259,025
GST	460,566	251,898
	\$22,245,460	\$10,603,425

Deferred start-up costs relate directly to the design, planning and construction of the SkyTrain extension between New Westminster to Vancouver Community College, through Lougheed Mall and Commercial.

5. **Deposits on vehicles to be transferred to Greater Vancouver Transportation Authority:**

On Oct. 21, 1998, the Ministry of Finance and Corporate Relations approved the purchase from Bombardier of 20 new MK II SkyTrain vehicles for the existing SkyTrain system in conjunction with the Company's MK II vehicle contract.

	Year ended March 31, 2000	Period ended March 31, 1999
Deposits	\$55,486,669	\$55,486,669
Treasury fees, interest and letter of financial security costs	3,830,487	999,503
	\$59,317,156	\$56,486,172

The vehicles will be transferred to the Greater Vancouver Transportation Authority and full reimbursement of the purchase price plus accrued interest will be paid under an existing negotiated agreement upon completion of the project.

6. **Related party transactions:**

The following table summarizes the Company's related party transactions during the year:

Costs incurred to date	Year ended March 31, 2000	Period ended March 31, 1999
B.C. Transit	\$560,735	\$6,888,000
B.C. Transportation Financing Authority	-	17,000
B.C. Rapid Transit Company	142,950	-
West Coast Express	-	34,000
Minister of Finance and Corporate Relations	197,799	24,000
Coast Mountain BusLink	-	109,000
B.C. Assets and Land Corporation	43,674	-

These transactions, which are with common-controlled enterprises, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year Coast Mountain BusLink was transferred from B.C. Transit to Greater Vancouver Transportation Authority.

The following amounts are due to related parties:

	Year ended March 31, 2000	Period ended March 31, 1999
Minister of Finance and Corporate Relations	\$1,848	-
B.C. Transit	122,458	83,100
B.C. Transportation Financing Authority	-	16,884
Coast Mountain BusLink	-	109,063
	\$124,306	\$209,047

The amounts due to related parties are due on demand and have arisen from the purchases of services referred to above.

7. **Fiscal agency loan:**

The fiscal agency loan represents monies borrowed from the Ministry of Finance and Corporate Relations to make deposits on 20 new MK II SkyTrain vehicles (note 5) and for upgrades to the existing system (note 3). The fiscal agency loan is unsecured and comprises a series of short-term discounted notes which have been continually rolled over. The notes bear interest at rates ranging from 4.51 per cent to 5.22 per cent.

8. **Deferred capital contributions:**

Deferred capital contributions represent funding received from the Ministry of Finance and Corporate Relations for the design, planning and construction of the SkyTrain extension. No security has been provided for the contributions.

	Year ended March 31, 2000	Period ended March 31, 1999
Short-term discounted notes	\$59,203,597	\$131,326,802
Long-term notes	413,919,522	-
	\$473,123,119	\$131,326,802

Short-term deferred contributions represent a series of short-term discounted notes which have been continually rolled over. The notes bear interest at rates ranging from 4.85 per cent to 5.2 per cent.

Long-term contributions represent short-term notes that have been converted to long-term notes with the following terms:

Amount	Rate	Maturity date
\$54,885,768	6.31%	August 24, 2024
109,995,184	6.52%	June 18, 2029
139,739,148	6.52%	June 18, 2029
16,397,160	6.38%	January 9, 2012
92,902,262	5.48%	December 6, 2002
\$413,919,522		

Interest is payable on the long-term notes semi-annually.

9. **Share capital:**

The Company has authorized and issued one common share without par value to Her Majesty the Queen in right of the Province of British Columbia

10. **Commitments and contingencies:**

(a) **Operating lease commitments:**

The Company is committed to payments under operating leases for years ended March 31 as follows:

2001	\$1,534,000
2002	930,000
2003	11,000

(b) **Capital commitments:**

As at March 31, 2000, the Company is committed, under a contract with Bombardier, to a further \$8.3 million of expenditure relating to the purchase of SkyTrain vehicles.

(c) **Construction-in-progress and deferred start-up costs:**

As at March 31, 2000, the Company is committed to future capital expenditures of approximately \$207.8 million for contracts currently entered into with respect to the SkyTrain extension.

(d) **Bombardier:**

If agreement between the Greater Vancouver Transportation Authority and Bombardier on an operations and maintenance contract is not reached, or if the Province does not mandate such an agreement by legislation, then Bombardier can elect to sell, and the Company must purchase, the Centre for Advanced Transit Systems on reasonable commercial terms. Management does not believe that the Company will have to purchase this centre.

(e) **Financial security:**

The Company has received a \$70 million letter of financial security from Bombardier Inc. ("Bombardier") in respect of deposits on vehicles.

The Company has received a \$186 million letter of financial security from Bombardier relating to the Electrical and Mechanical contract.

The Company has issued three letters of financial security totalling \$865,000 to the Government of Canada, Department of Fisheries and Oceans relating to costs for supply and installation of habitat compensation and environmental monitoring at various construction sites.

(f) **Contract changes under review:**

At the year end there were various contract changes and claims relating to schedule delays under review. The Company has accrued its estimated cost related to these items. Any difference between amounts accrued and eventually paid will be recorded in the period of payment.

(g) **Legal challenge:**

A legal challenge issued by the Christian Labour Association of Canada and the General Workers Union of Canada regarding the use of labour on the project is continuing against the Company.

Management does not believe that there will be significant cost to the Company, however the results are not determinable at this time. Any costs resulting from this legal action will be recognized in the period in which the result is determined.

(h) **Municipal Integration Fund**

The Treasury Board has approved the construction of additional scope items under the Municipal Integration Fund subject to the execution of the cost sharing agreement between the Province and Greater Vancouver Transportation Authority.

11. **Subsequent events:**

Subsequent to the year end a contract was signed with Dominion Construction Company Inc. for approximately \$8 million relating to the construction of Sapperton Station.

RAPID TRANSIT PROJECT 2000 LTD.

Balance Sheet

Schedule of Construction-in-Progress

Year ended March 31, 2000, with comparative figures for 1999

Costs incurred to date	Year ended March 31, 2000	Period ended March 31, 1999
SkyTrain Extension:		
Systems	\$184,096,011	-
Lines	113,063,200	2,496
Deposits on vehicles	103,810,599	103,713,400
Design	16,013,728	7,695,396
Public consultation	3,253,300	1,565,827
Property management	1,920,860	310,655
Project controls	3,580,337	1,379,013
Engineering and design management	5,374,119	1,753,494
Construction management	1,622,559	45,327
Insurance	2,112,208	900,000
Interest	21,061,863	2,369,505
Other	2,154,467	757,291
GST	9,095,240	3,401,417
Operations and Maintenance Centre	4,404,939	-
Deferred project costs:		
Municipal Integration Fund	783,055	-
Systems upgrade	40,294,260	-
Coquitlam Pre-build	1,270,684	-
	\$513,911,429	\$123,893,821



Looking forward

Since RTP 2000's year-end on March 31, 2000, RTP 2000 has made further progress on a number of fronts:

- In late March, the board approved revised completion dates and a re-phasing of the project as a result of delayed project approval under the Canadian Environmental Assessment Act and late access to Burlington Northern Santa Fe lands and rights-of-way. The re-phasing calls for the Millennium Line to be in service to Braid Station by December 2001, to Commercial Station by the summer of 2002, and to Vancouver Community College's King Edward campus (VCC) by the second half of 2002.
- Access agreements have been signed with the cities of Burnaby and Vancouver. In addition, preparatory construction has begun in Vancouver.
- Following the City of Vancouver's decision to support SkyTrain technology for any further expansion of rapid transit west of Commercial Drive, the location of the VCC Station has also been confirmed. It will be located at the north end of the VCC campus, which will not only enable future expansion west into Vancouver, but will provide easier access to the new high-tech community north of the station.
- Bombardier opened its Burnaby Centre for Advanced Transit Systems (CATS) facility on May 24, 2000 and has begun

assembling the MK II cars that will be used on the Millennium Line.

- Municipalities presented their alignment and station location preferences for the Port Moody - Coquitlam line to Translink, which will confirm the preferred alignment to RTP 2000 in the next few months.

